

AMENDMENT TO THE LINCOLN CENTER REDEVELOPMENT PLAN

Lincoln Bold Redevelopment Project

Project Description

The Lincoln Bold Redevelopment Project (the “Project”) proposes the redevelopment of the service station located at 205 N. 9th Street (northwest corner of N. 9th and P Streets) in Downtown Lincoln and more particularly described as follows: Lots A, B, C, D and E, County Clerk’s Subdivision of Lot 12 and the East ½ of Lot 11, Block 33, Original Plat of the City of Lincoln, Lancaster County, Nebraska (the “Project Site”). The Project Area includes the Project Site, as well as the future air rights above the adjacent building to the west, above Lot 10, E1/2 & W1/2 LOT 11, Block 33, Original Plat of the City of Lincoln, Lancaster County, Nebraska, and rights of way and public property surrounding the project site. The Project Area is depicted on the map, below.

The Project involves the demolition of the service station building, and the construction of a twenty-two story 230,000 square foot mixed-use building on the Project Site. The new, twenty-two story structure will meet the desire for density and a mix of uses including owner occupied and rental housing, and commercial use. The building will include approximately 36,000 square feet of Class “A” commercial office space located on the second through fifth floors. Floors seven through fifteen will consist of approximately 70 studio, one and two-bedroom apartments; floors sixteen through twenty-one will consist of approximately 33 one-, two-, and three-bedroom condominium units. The basement, sixth floor, and twenty-second floor will contain amenity space.

The Project is intended to enhance Downtown Lincoln as a dynamic, regional, mixed-use center. The Project abuts the Historic Haymarket District and is located

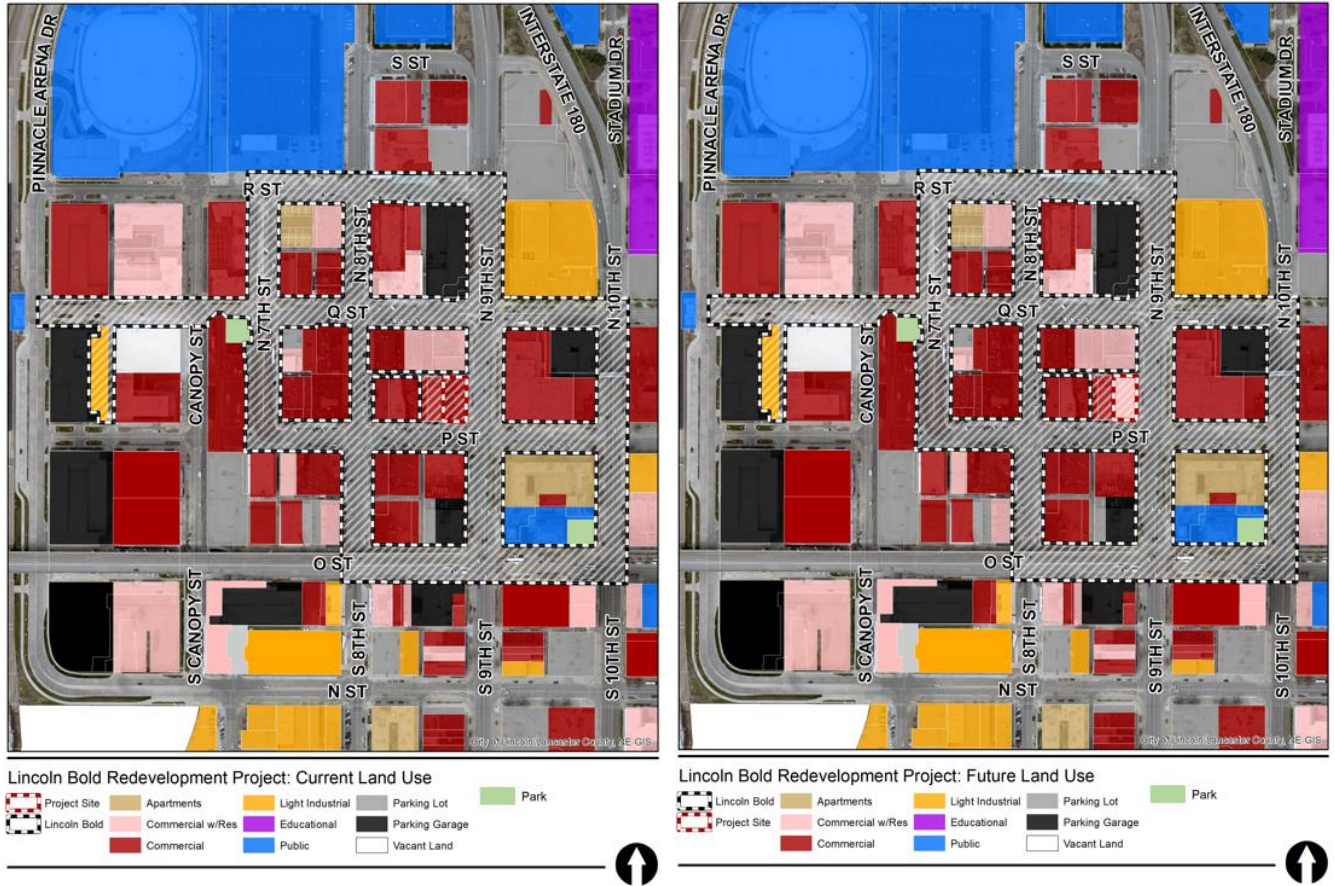


Lincoln Bold Redevelopment Project: Project Area

Lincoln Bold Project Site



along the P Street entryway into the District. The Project is intended to provide a vibrant, attractive, and inviting gateway into the Historic Haymarket District. The Project will accomplish these goals by aesthetically paying tribute to the historic nature of the Haymarket District on the street level, then emerging from the historic pedestal of the building will be a modern tower attracting those who will continue to cultivate the innovative and entrepreneurial spirit of the Haymarket District.



The current use of the project site is commercial, and future use will be commercial with residential. The Project Site is flanked on the south by a sixteen-story hotel, on the west by commercial retail and office uses, and on the north by residential and commercial uses. A thirteen-story residential building has been approved for the former Journal Star property east of the Project Site. The acquisition and subdivision of the air rights located above the commercial property to the west are required for building code requirements to permit windows on the west façade of the building. See the current and future land use maps, above.

The Project Site is located in the “B-4” Lincoln Center Business zoning district. The B-4 Lincoln Center Business District provides for business, retail, and other uses, and is designed to encourage the Lincoln Center Business District to remain the dominant multi-



Lincoln Bold Redevelopment Project: Zoning

Lincoln Bold Project Site Zoning



use center and key focal point of business, social, and cultural activity in the City of Lincoln. The land surrounding the Project Site is exclusively zoned B-4 Lincoln Center Business District as well.

The Project is consistent with the Lincoln Center Redevelopment Plan, which encourages development of mixed-use projects that attract and maintain commercial activity and residential developments in the Lincoln Center Redevelopment Area. Further, the Project is expected to be consistent with the Lincoln Center Redevelopment Plan’s goal of encouraging development that is consistent and complementary to existing land uses, architectural styles, and building materials found in Downtown Lincoln. The street level façade of the building will be complementary of the building materials used in other structures in the vicinity.

The Project is also consistent with PlanForward, the Lincoln-Lancaster County 2050 Comprehensive Plan. In particular, the Project supports PlanForward Element 2: Infill and Redevelopment by utilizing underdeveloped commercial land in Downtown and providing the opportunity for high-density mixed-use development, and Policy 5: Downtown which calls for continuing to make Greater Downtown a major focus for mixed-use, reuse, infill, and redevelopment.

The Project is consistent with the 2018 Lincoln Downtown Master Plan as well which encourages the reuse or redevelopment of vacant or underutilized spaces as opportunities arise. The Master Plan also supports the creation of housing at higher densities at diverse price points and encourages increasing Downtown residential density to drive improvements to retail, restaurants, and to create a more vibrant Downtown. The Project also supports the goal of bridging the connection between Haymarket and Central Downtown through enhancements at priority intersections and further supporting pedestrian travel through the entryways improvements to slow traffic and define spaces for pedestrians.

Redevelopment of the Project Site into a mixed-use building incorporating residential and commercial uses is also consistent with the 2050 Lincoln Area Future Land Use Plan.

The Project represents a significant private investment in the Lincoln Center Redevelopment Area. Publicly funded redevelopment activities may include: site acquisition, site preparation and grading, demolition, environmental remediation, streetscape and public area improvements, utility improvements, energy efficiency enhancements, DEC aid to construction, façade enhancements, and other public improvements in the Lincoln Center Redevelopment Area.

Statutory Elements

Property Acquisition, Demolition, and Disposal: The City does not intend to acquire property, nor would the City use eminent domain if the City did acquire property for this project. The proposed redeveloper currently controls the Project Site, as well as the air rights located above the property to the west. The Project will require demolition of the existing service station. The building will be vacant at the time of acquisition; no relocation of individuals or businesses will be required for the Project. Should relocation assistance be required, all relocation requirements will be followed, as outlined in the Lincoln Center Redevelopment Plan, and TIF funds will be used to relocate businesses.

Population Density: The Project consists of the construction of approximately 103 studio, one-, two-, and three-bedroom residential condominium and apartment units, and 36,000 square feet of commercial office space. The moderate increase in population density in the Lincoln Center Redevelopment Area that is expected to occur upon completion of the Project is consistent with the objectives set forth in the Lincoln Center Redevelopment Plan.

Land Coverage: The Project will increase land coverage on the Project Site as the building will be built to the four existing property lines. The Project consists of demolition of the existing service station located on the Project Site and construction of a new twenty-two story mixed-use building in its place. The footprint of the new building will exceed that of the existing building and will be built to the property lines. Improvements will be made to the streetscape that will include amenities. The Project will comply with the applicable land-coverage ratios and zoning requirements of the City of Lincoln.

Public Facilities and Utilities: Public infrastructure improvements will be required to implement this project, including improvements to Lincoln Electric System transformers and/or other equipment. District Energy Corporation piping and facilities improvements may be required to support this project, as well, for heating and/or cooling. Additional improvements may be required to implement this project, including but not limited to improvements to the water, sanitary sewer, storm sewer, and rights of way including alleys and streets. As the project is further developed, the Lincoln Transportation and Utilities will work with the Developer ensure that the systems can support the additional capacity requirements of the project.

Traffic Flow, Street Layouts, and Street Grades: The Project is expected to decrease traffic flow from the current site utilization. Project traffic will be generated by residents, tenants, employees, and visitors to the commercial and residential space travelling to and from the Project Site. The Project does not include vacating any streets or alleys.

Changes to the right of way will result from this project. Vehicular access to and from the Project will come from N. 9th Street, and there will be no vehicular access to P Street or alleyway. A drop off/loading zone will be located on the Project Site and require one ingress and one egress access point. Curb cuts will be removed on P Street and vehicular access to the Project Site will be removed along the alley. The developer will work with City staff to minimize traffic impacts.

Parking: There are no parking requirements in the B-4 District. The redeveloper intends to enter into an agreement with the City of Lincoln permitting use of parking in the City's parking facilities.

Zoning, Building Code, and Ordinances: The Project Site is currently zoned B-4 Lincoln Center Business District, and the Project is a permitted use in such district. No rezoning of the Project Site will be required as part of the Project. A subdivision of the air rights located above the property to the west is required for building code requirements to permit windows on the west facade. All applicable building code requirements and ordinances will be satisfied.

Proposed Cost and Financing

The estimated total cost to implement the Project is approximately \$87,000,000, which includes up to an estimated \$23,000,000 in public financing. The project cost will be finalized as construction costs are determined. The source of the public funds for these improvements will be the tax increment generated from the private developments on the Project Site. Funding sources and uses will be negotiated and identified in the redevelopment agreement, subject to approval by the Mayor and City Council.

Public investment may assist with the costs of site acquisition, streetscape and public area enhancements, façade enhancements, and other public improvements and enhancements permitted under the Community Development Law in the Lincoln Center Redevelopment Area.

Cost Benefit Analysis

As required by Nebraska Community Development Law (Neb. Rev. Stat. §18-2113), the City has analyzed the costs and benefits of the proposed Project including:

Public Tax Revenues

At current estimates of a final assessed value of approximately \$100 million, the Project is expected to generate up to approximately \$23 million in TIF revenue for the construction of public improvements and enhancements related to the Project.

Lincoln Bold Redevelopment Project		Amount
(a) Base Value		\$500,000
(b) Estimated New Assessed Value		\$100,000,000
(c) Increment Value	= (b) – (a)	\$99,500,000
(d) Annual TIF Generated (Estimated)	= (c) x 2.0%	\$1,990,000
Funds Available	= (d) x 20 years @ 6.0% approx.	\$23,000,000

Upon completion of the Project, the assessed value of the Project Site will increase by an estimated \$99.5 million as a result of the private investment for the Project. This will result in an increase in estimated annual property tax collections during the 20-year TIF period of approximately \$1,990,000 per year which will be available to finance the costs of construction of the public improvements and enhancements related to the Project. The public investment of an estimated \$23 million will leverage approximately \$64 million in private sector financing, or nearly \$3 for every TIF dollar spent. The TIF funds shall be subject to further adjustment as project costs are defined.

The City will forgo approximately 15.95 percent of these annual collections or approximately \$317,405 per year up to 20 years to support the Project. The tax increment gained from this Project Area would not be available for use as City general tax revenues over that time, but be used toward bond repayment. After the 20-year period or the debt has been retired, the increase in annual taxes paid will be split among the taxing jurisdictions according to the tax levy.

Public Infrastructure and Community Public Service Needs Impacts

It is not anticipated that the Project will have an adverse impact on existing public infrastructure. In fact, the Project involves the capture of the incremental tax revenues for streetscape and public area enhancements, among other public infrastructure improvements in the Lincoln Center Redevelopment Area. The Project is not expected to have an adverse impact on City services, but instead will generate additional revenue providing support for those services.

Employment within the Redevelopment Project Area

The Project is not expected to have an adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the Project. It is anticipated that the three floors of office space will bring approximately 160 new employees to the Project Site. Further, the construction of approximately 103 residential condominium and apartment units as part of the Project will create expanded housing opportunities for employers and employees of firms locating or expanding within the Lincoln Center Redevelopment Area. Due the proximity of the Project Site to the West Haymarket, the Project is expected to create new housing opportunities for young professionals, business executives and established business owners.

Employment in the City outside the Redevelopment Project Area

The Project is not expected to adversely affect employment in the City outside the Lincoln Center Redevelopment Area. Instead, the removal of blight and substandard conditions from the Project Site and the Lincoln Center Redevelopment Area is anticipated to enhance downtown Lincoln as a dynamic, regional, mixed-use center. As a result, it is anticipated that the Project will attract further commercial, retail, and residential development, which will both create and support additional jobs in the Lincoln Center Redevelopment Area, on the University of Nebraska campus, and in the City of Lincoln as a whole. The Project should increase the need for services and products and related employment from existing businesses in and around the Lincoln Center Redevelopment Area.

Impacts on the Student Populations of School Districts within the City

The Project is not expected to have a substantial impact on the student population of Lincoln Public Schools. The Project includes construction of approximately 103 residential condominium and apartment units. If 10 to 20 percent of the units have school-age children, the impact of 10 to 30 children is of minimal impact on a district with a student population of just under 42,000 students.

Other Impacts

The Project is expected to have a positive impact on private sector businesses in the Haymarket and Lincoln Center Redevelopment Area and will attract additional private investment in and around the Lincoln Center Redevelopment Area.

While the use of tax increment financing will defer receipt of a majority of the incremental ad valorem real property taxes generated by the Project for up to 20 years, there will be additional revenue generated by the Project from, for example, sales taxes generated by the residents of the Project, who will purchase goods and services in downtown Lincoln. Upon completion of the 20-year TIF period, the Project will benefit the community through higher property tax revenue.

Finding of Need for TIF:

Section 18-2116 of the Act requires the City Council to make the following findings before authorizing the use of TIF:

- the Project and plan as proposed would not be economically feasible without the use of TIF; and,
- the Project as proposed would not occur in the Redevelopment Area without the use of TIF.

Redeveloper believes that the private and public improvements proposed in this plan amendment would not occur “but for” the utilization of TIF in the Redevelopment Area. It would not be economically feasible for Redeveloper to construct the Project improvements without TIF. The existing site conditions constitute a barrier to development that Redeveloper cannot adequately remedy without the use of TIF.

Project Schedule and Implementation

Following the approval of the Plan Amendment, the following steps will occur in the implementation of the project:

- The City will negotiate a redevelopment agreement with Redeveloper and submit said redevelopment agreement to City Council for approval.
- Following agreement approval, the City may issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to the project.
- The City will review construction drawings of public and private improvements for conformance with the Redevelopment Agreement.
- Redeveloper will competitively bid TIF-funded public improvements according to City standards, as needed and with assistance from the City's Purchasing Department.
- Redeveloper will construct the private and public improvements and enhancements.
- Redeveloper will submit required documentation on TIF eligible and approved public improvements and enhancements, as described in the Redevelopment Agreement.
- The City will use the TIF funds divided and collected from property tax payments to reimburse Redeveloper after the City receives the increment.